CAPITAL MARKET DEVELOPMENTS ABROAD

I. Nine Charts on Financial Markets Abroad
II. Latest Figures Plotted in H.13 Chart Series, 1965

I. Nine Charts on Financial Markets Abroad

Chart 1 - International Money Market Yields for U.S. Dollar Investors
Chart 2 - Interest Arbitrage, United States/Canada
Chart 3 - Interest Arbitrage, New York/London
Chart 4 - Interest Arbitrage for German Commercial Banks
Chart 5 - Short-term Interest Rates
Chart 6 - Long-term Bond Yields
Chart 7 - Industrial Stock Indices
Chart 8 - Spot Exchange Rates - Major Currencies Against U.S. Dollar
Chart 9 - 3-month Forward Exchange Rates

OFFICIAL USE ONLY
(Decontrolled after six months)
INTEREST ARBITRAGE, NEW YORK/LONDON

Chart 3

3-MONTH TREASURY BILL RATES

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures

3-MONTH TREASURY BILLS, INTERBANK LENDING RATE AND EURO-DOLLAR DEPOSIT RATES

GERMAN INTERBANK LOAN RATE

GERMAN TREASURY BILLS

RATE DIFFERENTIAL AND FORWARD DEUTSCHE MARK

INTERBANK LOAN RATE

SPREAD IN FAVOR OF FRANKFURT

FORWARD RATE

PREMIUM

DISCOUNT

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF FRANKFURT

INTERBANK LOAN RATE

IN FAVOR OF LONDON EURO-DOLLARS

1963 1964 1965
SHORT-TERM INTEREST RATES*

*3-month treasury bill rates for all countries except Japan and Switzerland (3-month deposit rate)
(Average rate on bank loans and discounts)
† 3-month rate for U.S. dollar deposits in London
Chart 6
LONG-TERM BOND YIELDS

Per cent per annum


GERMANY

U.K.

U.S.

CANADA

NETHERLANDS

U.S.

SWITZERLAND

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 7

INDUSTRIAL STOCK INDICES

* Swiss Bank Corporation industrial stock.
** Japan, index of 225 industrial and other stocks traded on the Tokyo exchange.
Chart B
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

Per cent
Above par
2.0
1.6
1.2
.8
.4
Par with U.S. dollar
.4
Below par
.4

Above par
.8
.4
Par with U.S. dollar
.4
Below par
.4

Above par
.8
.4
Par with U.S. dollar
.4
Below par
.4

SWISS FRANC
GERMAN MARK
U.K. STERLING
FRENCH FRANC
BELGIAN FRANC
DUTCH Guilder
ITALIAN LIRA
CANADIAN DOLLAR
JAPANESE YEN

1963 1 2 3 4 5 6 7 8 9 10 11 12
1964 1 2 3 4 5 6 7 8 9 10 11 12
1965 1 2 3 4 5 6 7 8 9 10 11 12
Chart 9

3-MONTH FORWARD EXCHANGE RATES

AGAINST U.S. DOLLARS

AGAINST POUND STERLING - LONDON

AGAINST POUND STERLING - LONDON
### III. Latest Figures Plotted in H.13 Chart Series, 1965

#### Chart 1

<table>
<thead>
<tr>
<th>Per cent per annum</th>
<th>Chart 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper panel</strong></td>
<td><strong>(Friday, Aug. 13, except as noted)</strong></td>
</tr>
<tr>
<td>(Wednesday, Aug. 11)</td>
<td>Treasury bills:</td>
</tr>
<tr>
<td>Euro-$ deposit</td>
<td>U.S. 3.81</td>
</tr>
<tr>
<td>U.S. cert. of deposit</td>
<td>U.K. 5.36</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Lower panels</strong></th>
</tr>
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<tbody>
<tr>
<td>(Friday, Aug. 13)</td>
</tr>
<tr>
<td>Euro-dollar deposits:</td>
</tr>
<tr>
<td>Call 4.125</td>
</tr>
<tr>
<td>7-day 4.250</td>
</tr>
<tr>
<td>30-day 4.438</td>
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<tr>
<td>90-day 4.625</td>
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<tr>
<td>180-day 5.000</td>
</tr>
<tr>
<td>Finance Co. paper:</td>
</tr>
<tr>
<td>U.S. 4.25</td>
</tr>
<tr>
<td>Canada 5.19</td>
</tr>
<tr>
<td>Hire-purchase paper, U.K.</td>
</tr>
</tbody>
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#### Chart 2

<table>
<thead>
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<tbody>
<tr>
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<td>Euro-$ deposit (London) 4.63</td>
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For description and sources of data see special annex to H. 13 Number 164, September 23rd, 1964.